# SaskTel's Sask911 Annual Report

**(Fiscal year April 1, 2005 – March 31, 2006)**

*The Emergency 911 System Act* was proclaimed in 1996 and provided the legislative authority for development and implementation of Enhanced 9-1-1 (E911) call-taking service province-wide. The Sask911 system utilizes SaskTel's CRTC regulated Provincial E911 Service infrastructure for 9-1-1 call routing, and SaskTel's customer billing systems for billing. Once completed, the Sask911 system will ensure that, wherever telephone land lines exist in the province and by dialing 9-1-1, people will be able to access a trained emergency 9-1-1 call-taking operator who has electronic access to automatic number, name and location information.

Attached are the financial statements of the Sask911 account for the fiscal year from April 1, 2005 to March 31, 2006.

**SaskTel's Goals for Sask911 and Future Direction**

Over 98% of landlines are now served by E911. As such, SaskTel's goals and future direction are now mostly operational in nature:

- along with the department of Corrections and Public Safety, continue to facilitate the Sask911 process with the other stakeholders;
- continue to bill and collect Sask911 call taking fees, and administrate the Sask911 Account;
- continue to resolve customer billing issues to accommodate Sask911 fees on the phone bill;
- continue to implement the expansion of SaskTel's Provincial E911 service in collaboration with the PSAPs to the Northern areas of the province that do not have access to E9-1-1 service;
- continue to commit the resources for the ongoing support and maintenance of SaskTel's Provincial E911 service, and associated facilities infrastructure for the PSAPs;
- continue to monitor and evaluate the feasibility of developing wireless enhanced 9-1-1 location services, and possible national solutions for 9-1-1 issues caused by the introduction of new technologies for local service (i.e. voice over internet protocol, etc.);
- as SaskTel's Provincial E911 service is regulated by the CRTC, SaskTel will continue to comply with the 9-1-1 directives mandated for Canadian phone carriers by the CRTC.

Financial Statements of

# SASK911 ACCOUNT

For the year ended March 31, 2006

106-07086/

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**Chartered Accountants**
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# AUDITORS' REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan

We have audited the statement of financial position of Sask911 Account as at March 31, 2006 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 17, 2006

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative

**Sask911 Account**

**Statement of Operations and Net Assets**
For the year ended March 31

| | 2006 | 2005 |
|---|---|---|
| **Revenues** | | |
| Sask911 fees - Wireline and Wireless | $ 3,861,626 | $ 3,689,227 |
| Interest income | 79,580 | 28,808 |
| | 3,941,206 | 3,718,035 |
| **Expenses** | | |
| Public safety answering points | 1,829,327 | 2,136,088 |
| Central co-ordination | 1,030,747 | 379,844 |
| | 2,860,074 | 2,515,932 |
| Excess of revenues over expenses | 1,081,132 | 1,202,103 |
| NET ASSETS, BEGINNING OF YEAR | 2,335,158 | 1,133,055 |
| NET ASSETS, END OF YEAR | $ 3,416,290 | $ 2,335,158 |

See accompanying notes.

**Sask911 Account**

**Statement of Financial Position**
As at March 31

| | 2006 | 2005 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash | $ 3,854,188 | $ 2,275,836 |
| Accounts receivable | 354,585 | 312,476 |
| Interest receivable | 11,289 | 3,811 |
| | $ 4,220,062 | $ 2,592,123 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable | $ 803,772 | $ 256,965 |
| **NET ASSETS** | 3,416,290 | 2,335,158 |
| | $ 4,220,062 | $ 2,592,123 |

See accompanying notes.

On behalf of the Account by the manager, SaskTel

Mike Andrea Officer

John Mclean Officer

**Sask911 Account**

**Statement of Cash Flows**
For the year ended March 31

| | 2006 | 2005 |
|---|---|---|
| **Cash provided by (used in):** | | |
| Operating activities | | |
| Excess of revenues over expenses | $ 1,081,132 | $ 1,202,103 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (42,109) | 98,095 |
| Interest receivable | (7,478) | (2,262) |
| Accounts payable | 546,807 | (264,647) |
| Net increase in cash | 1,578,352 | 1,033,289 |
| CASH BEGINNING OF YEAR | 2,275,836 | 1,242,547 |
| CASH END OF YEAR | $ 3,854,188 | $ 2,275,836 |

See accompanying notes.

# SASK911 ACCOUNT
## Notes to Financial Statements
**March 31, 2006**

### 1. STATUS OF THE SASK911 ACCOUNT

*The Emergency 911 System Act* (Chapter E – 7.3 of the Statutes of Saskatchewan) ("the Act") provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of the SaskTel Act established the Sask911 Account ("the Account"). Effective January 1, 1999 *The Sask911 Fees Regulations* (Chapter S - 34 Reg 3 as amended by Saskatchewan Regulations 39/1999), requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications ("SaskTel") for deposit into the Account. SaskTel manages the Account.

Effective October 1, 2003 *The Sask911 Fees Regulations, 2003* (Chapter S - 34 Reg 5 as amended by Saskatchewan Regulations 733/2003), requires all wireless service providers providing wireless communication services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to SaskTel for deposit into the Account.

Section 7 of the Act provides that the Minister responsible directs SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister's powers.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

**Revenue recognition**
Wireline and wireless Sask911 fees from Saskatchewan Telecommunications are recorded on the accrual basis. Sask911 fees from other wireless service providers are recorded on the basis of amounts reported by the other wireless service providers for the reporting period.

**Use of estimates**
The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

### 3. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions subject to common control by the Government of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

| | 2006 | 2005 |
|---|---|---|
| Expenses | $ 320,992 | $ 103,662 |
| Accounts receivabie | $ 299,039 | $ 283,359 |

In addition, the Sask911 pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

### 4. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash, accounts receivable, interest receivable and accounts payable approximate fair value due to the short term nature of these financial assets and liabilities.

### 5. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been restated to conform with the current year's presentation.